

ALBERTA SURFACE LEASE AGREEMENT



This Indenture of Lease made the \_\_\_\_\_ day of \_\_\_\_\_ A D 19 \_\_\_\_\_

BETWEEN \_\_\_\_\_ of \_\_\_\_\_  
in the Province of Alberta \_\_\_\_\_ (hereinafter called the Lessor )

and

\_\_\_\_\_ (hereinafter called the Lessee )

WHEREAS the Lessor is the registered owner (or entitled to become the registered owner under an agreement for sale or unregistered transfer or otherwise) of an estate in fee simple subject however to the exceptions conditions encumbrances liens and interests contained in or noted upon the existing Certificate of Title of and in that certain parcel of land situate lying and being in the Province of Alberta and described as follows

EXCEPTING THEREOUT ALL MINES AND MINERALS

(hereinafter referred to as the said lands ) and

WHEREAS the Lessor has agreed to lease and grant a certain portion of the said lands to the Lessee for the purposes and upon the terms and conditions hereinafter set forth

NOW THEREFORE THIS INDENTURE WITNESSES THAT

THE LESSOR in consideration of one dollar (receipt of which is hereby acknowledged) HEREBY LEASES AND GRANTS to the Lessee all and singular those parts or portions of the said lands shown outlined in red on the sketch or plan attached hereto (hereinafter called the leased premises ) to be held by the Lessee as tenant for the term of twenty (20) years from the date hereof for any and all purposes and uses as may be necessary for the exploration development and production of oil gas related hydrocarbons or substances produced in association therewith remediation and reclamation

YIELDING AND PAYING UNTO THE LESSOR

(a) First Year Compensation

For the first year the sum of \_\_\_\_\_ (\$ \_\_\_\_\_) dollars  
which comprises the following

(i) market value of land granted	\$ _____
(ii) nuisance & inconvenience	\$ _____
(iii) adverse effect	\$ _____
(iv) loss of use	\$ _____
Total	\$ _____

The first year compensation shall be paid to the Lessor by the Lessee prior to the entry upon the leased premises for any of the purposes set forth above other than for survey purposes

(b) Annual Compensation

Annual compensation payable for each subsequent year after the first year in advance of the anniversary of the date of this Lease Agreement in the sum of \_\_\_\_\_  
(\$ \_\_\_\_\_) dollars which payment comprises the compensation for adverse effect and loss of use set forth in subclauses (a)(iii) and (iv) above

Any additional terms or conditions as may be agreed to by the Lessor and the Lessee shall be attached as Schedule A and shall form part of this Lease Agreement

## **THE LESSOR HEREBY COVENANTS AND AGREES TO AND WITH THE LESSEE**

### **1 Quiet Enjoyment**

The Lessor has the right to lease the lands to the Lessee. The Lessee, if not in default, has the right to occupy and use the leased premises without interruption or disturbance from either the Lessor or any other persons claiming by, through or under the Lessor.

### **2 Renewal**

If the Lessee is not in default in respect of any of the covenants and conditions contained in this Lease Agreement at the date of expiration of the term of Twenty (20) years hereinbefore mentioned, then this Lease Agreement shall be renewed automatically and the term extended for a further period of Twenty (20) years at an Annual Compensation calculated from time to time as hereinafter provided for the term subsequent to the first year hereof. Such extended term shall be subject to all provisions hereof, including this provision for renewal.

## **THE LESSEE HEREBY COVENANTS AND AGREES TO AND WITH THE LESSOR**

### **3 Indemnification**

The Lessee shall indemnify and save harmless the Lessor from and against any and all claims or demands that may result from the Lessee's use and occupation of the leased premises, other than through wilful damage or gross negligence by the Lessor.

### **4 Fencing**

During the continuance of this Lease Agreement, the Lessee shall erect and put upon the boundaries of the leased premises and roadways constructed or placed by the Lessee on the leased premises a good substantial fence, if reasonably required by the Lessor or the Lessee, and replace all fences which the Lessee may have required removed for its purposes and repair all fences which it may have damaged, and if and when so reasonably required by the Lessor, to provide a proper livestock guard at any point of entry upon the said lands used by it and upon the use thereof, to close all gates.

### **5 Roadways**

The Lessee shall, if reasonably required by either party, ensure that any roadway on the leased premises is constructed to a low profile unless topography of land dictates otherwise.

### **6 Culverts**

The Lessee shall construct and maintain culverts and other structures on the leased premises as reasonably required to ensure the unimpeded flow of water through natural drainage courses.

### **7 Weeds**

The Lessee shall control all weeds on the leased premises but in so doing, will not use a soil sterilant without the written consent of the Lessor.

### **8 Topsoil**

The Lessee shall conserve and preserve the topsoil as required from the leased premises, having regard to good soil conservation practices.

### **9 Compensation for Damages**

The Lessee shall pay compensation for damage done by its servants and agents which, without restricting the generality thereof, shall include crops, machinery, livestock, fences, buildings, or other improvements of the Lessor upon the said lands other than the leased premises.

## **THE LESSOR AND THE LESSEE DO HEREBY MUTUALLY COVENANT AND AGREE EACH WITH THE OTHER AS FOLLOWS**

### **10 Non Exercise of Rights Granted**

If the leased premises are not entered upon except for survey purposes within \_\_\_\_ days of the date of this Lease Agreement, the Lessee shall pay to the Lessor the sum of \_\_\_\_\_ (\$\_\_\_\_\_) dollars for the right to survey and all other inconveniences and this Lease Agreement shall terminate.

### **11 Repair, Removal or Replacement of Equipment**

The Lessee may at all times during the continuance of this Lease Agreement remove or replace any buildings, structures, fixtures, casing in wells, pipelines, material and equipment of whatsoever nature or kind which it may have placed on or in the leased premises or in any area to be surrendered.

## **12 Taxes**

The Lessor and the Lessee shall each promptly pay and satisfy all taxes rates and assessments that may be assessed or levied against the said lands as a result of their respective use and occupation of the said lands

## **13 Compliance with Laws and Regulations**

The Lessor and the Lessee shall comply with all applicable laws and regulations as may be in force from time to time and any other Act pertaining to the activities herein and the regulations passed thereunder

## **14 Review of Annual Compensation**

The Annual Compensation set forth in paragraph (b) above shall be reviewed in accordance with the applicable legislation

## **15 Reduction of Annual Compensation**

Upon completion of the Lessee's drilling and production operations including final removal from the leased premises or portion thereof by the Lessee of all above ground buildings structures fixtures material and equipment of any kind the Lessee after giving notice to the Lessor that the said lands are suitable to apply for a reclamation certificate may reduce the Annual Compensation set forth in paragraph (b) above to the actual loss of use and adverse effect mutually agreed to effective the next anniversary date of this Lease Agreement

## **16 Surrender & Reclamation**

The Lessee shall have the right at any time and from time to time by written notice to the Lessor to surrender all or any portion of the leased premises and terminate this Lease Agreement as it relates to the surrendered premises provided however that there shall be no refund to the Lessee of any compensation which may have been paid in advance and that all provisions for abandonment and reclamation have been complied with in accordance with applicable laws and regulations

## **17 Discharge of Encumbrances**

The Lessee may at its option pay or discharge all or any balance owing under any Agreement for Sale or Mortgage or of any tax charge lien or encumbrance of any kind or nature whatsoever which may now or hereafter exist on or against or in any way affect the said lands in which event the Lessee shall be subrogated to the rights of the holder or holders thereof and may in addition thereto at its option reimburse itself by applying on account the repayment of the amount so paid by it the rates or other sum accruing to the Lessor under the terms of this Lease Agreement

## **18 Assignment**

- 18.1 The Lessee or the Lessor may delegate assign or convey to other persons corporations or agents all or any of the powers rights and interests obtained by or conferred upon the Lessee or the Lessor herein and may enter into all agreements contracts and writings and do all necessary acts and things to give effect to the provisions of this clause
- 18.2 No delegation assignment or conveyance by the Lessor or the Lessee is effective or binding upon the other party until the other party has received notice of the assignment which notice shall include the name and address of the assignee

## **19 Default**

Notwithstanding anything herein contained to the contrary the Lessee shall not be in default in the performance of any of its covenants or obligations under this Lease Agreement including the payment of compensation unless and until the Lessor has notified the Lessee of such default and the Lessee has failed to commence action to remedy the same within thirty (30) days of the receipt of such notice For the purpose of this clause a letter by the Lessee of its intent to remedy a default shall constitute a commencement of action to remedy the said default

## **20 Arbitration**

In the event of any dispute or claim arising out of or relating to clauses 4 to 9 inclusive or lack of mutual agreement arising out of or relating to clause 15 of this Lease Agreement the determination of whether there has been a breach of this Lease Agreement and the remedy for the breach if any or the determination of the reduced Annual Compensation shall be determined by three (3) disinterested arbitrators one (1) to be appointed by the Lessor one (1) by the Lessee and the third by the two (2) arbitrators so appointed and the decision of any two (2) of the three (3) arbitrators shall be final and conclusive PROVIDED THAT in all other aspects the provision of the arbitration legislation then in force in the Province of Alberta shall apply to each submission In any event the responsibility for the arbitration costs shall be determined by the appointed arbitrators

**21 Notices**

- 21 1 All notices to be given herein shall be in writing
- 21 2 All notices to be given herein may be given personally faxed or by letter addressed to the party to whom the notice is to be given Any such notice shall be deemed to be given to and received by the addressee ten (10) days after the mailing thereof if mailed postage prepaid or three (3) days after the transmission if transmitted by fax

**22 Addresses**

Unless changed by written notice the addresses of the parties hereto shall be

LESSEE

LESSOR

**23 Enurement**

These presents and everything herein contained shall enure to the benefit of and be binding upon the Lessor his heirs executors administrators successors and assigns and upon the Lessee its successors and assigns

IN WITNESS WHEREOF the Lessor has hereunto set his hand and seal and the Lessee has duly executed this Lease Agreement the day and year first above written

**SIGNED, SEALED AND DELIVERED**

By the above named Lessor in the presence of

LESSOR

WITNESS

WITNESS

LESSEE

Per

Per

CONSENT OF SPOUSE

I \_\_\_\_\_ being married to the above named \_\_\_\_\_ (the Grantor) do hereby give my consent to the disposition of our homestead made in this instrument and have executed this document for the purpose of giving up my life estate and other dower rights in the said property given to me by the Dower Act to the extent necessary to give effect to the said disposition

\_\_\_\_\_  
Spouse of the Grantor

CERTIFICATE OF ACKNOWLEDGMENT BY SPOUSE

1 This document was acknowledged before me by \_\_\_\_\_ apart from her husband (or his wife)

2 \_\_\_\_\_ acknowledged to me that she (or he)

- (a) is aware of the nature of the disposition
- (b) is aware that the Dower Act gives her (or him) a life estate in the homestead and the right to prevent disposition of the homestead by withholding consent
- (c) CONSENTS to the disposition for the purpose of giving up the life estate and other dower rights in the homestead given to her (or him) by the Dower Act to the extent necessary to give effect to the said disposition
- (d) is executing the document freely and voluntarily without any compulsion on the part of her husband (or his wife)

Dated at \_\_\_\_\_ in the Province of Alberta this \_\_\_\_\_ day of \_\_\_\_\_ AD 19 \_\_\_\_\_

\_\_\_\_\_  
A Commissioner for Oaths in and for the Province of Alberta

DOWER AFFIDAVIT

I \_\_\_\_\_ of \_\_\_\_\_ in the Province of Alberta \_\_\_\_\_ make oath and say  
(Occupation)

1 That I am the Grantor named in the within instrument

2 That I am not married

OR

That neither myself nor my spouse have resided on the within mentioned land at any time since our marriage

SWORN before me at the \_\_\_\_\_ }  
of \_\_\_\_\_ in the Province of Alberta }  
this \_\_\_\_\_ day of \_\_\_\_\_ A D 19 \_\_\_\_\_ }

\_\_\_\_\_  
A Commissioner for Oaths in and for the Province of Alberta

AFFIDAVIT OF EXECUTION

CANADA } I \_\_\_\_\_ of the \_\_\_\_\_  
PROVINCE OF ALBERTA } of \_\_\_\_\_ in the Province of Alberta  
TO WIT } \_\_\_\_\_ make oath and say

1 That I was personally present and did see \_\_\_\_\_ named in the within instrument who is personally known to me to be the person named therein duly sign and execute the same for the purpose named herein

2 That the same was executed at the \_\_\_\_\_ of \_\_\_\_\_ in the Province of Alberta and that I am the subscribing witness thereto

3 That I know the said \_\_\_\_\_ and he is in my belief of the full age of eighteen years

SWORN before me at the \_\_\_\_\_ }  
of \_\_\_\_\_ in the Province of Alberta }  
this \_\_\_\_\_ day of \_\_\_\_\_ A D 19 \_\_\_\_\_ }

\_\_\_\_\_  
A Commissioner for Oaths in and for the Province of Alberta

AFFIDAVIT OF EXECUTION

CANADA } I \_\_\_\_\_ of the \_\_\_\_\_  
PROVINCE OF ALBERTA } of \_\_\_\_\_ in the Province of Alberta  
TO WIT } \_\_\_\_\_ make oath and say

1 That I was personally present and did see \_\_\_\_\_ named in the within instrument who is personally known to me to be the person named therein duly sign and execute the same for the purpose named herein

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3 That I know the said \_\_\_\_\_ and he is in my belief of the full age of eighteen years

SWORN before me at the \_\_\_\_\_ }  
of \_\_\_\_\_ in the Province of Alberta }  
this \_\_\_\_\_ day of \_\_\_\_\_ A D 19 \_\_\_\_\_ }

\_\_\_\_\_  
A Commissioner for Oaths in and for the Province of Alberta

**SCHEDULE "A"**

Attached to and made a part of an Alberta Surface Lease Agreement dated this \_\_\_\_\_ day of  
\_\_\_\_\_ 19 \_\_\_\_\_ between \_\_\_\_\_ as Lessor and  
\_\_\_\_\_ as Lessee

**Additional Terms and Conditions**

In addition to the first year compensation payable in the attached Lease Agreement the Lessee in consideration of all the benefits granted therein and to the mutual benefit of the Lessee and the Lessor for the sole purpose of immediate entry onto the leased premises the Lessee hereby agrees as follows

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